

The Power of Social Capital, in Your Practice and Your Life



Key Takeaways:

- Professional networks should have range and access to many diverse people.
- Personal networks should have density—a sense of closeness.
- Strong networks require you to put in time and effort.

Your clients' capital is the obvious fuel that makes your business run. But it's social capital that can be a hugely important additive in helping propel you to a higher level of success in your practice, and help you become more resilient in your overall life.

The question to ask yourself is "Am I doing all I can to effectively leverage my many social connections in and out of the office?"

Make social capital part of your strategic plan

Social capital is the resource produced by our connections to other people. It's built through our social networks, online as well as in real life. For professional services providers - accountants, attorneys and others - social capital often involves professional connections, but it can also be personal in nature.

It's not uncommon to have a social network of 100 or more people. Although the members of your social network share one obvious thing in common—you—they can differ significantly in terms of how they connect to you, those they connect you to, and the resources they can and will offer you.

What's more, you can't borrow social capital like you can borrow money, you have to build it. Unlike financial capital, social capital is potentially infinite. Create and maintain it, and you'll never run out. That's why it makes sense for you to have as part of your strategic plan a way to build, maintain and use social capital to help you grow your business, and even weather personal issues that could derail you.

Range: The first key to a great professional network

So how do we build the types of social networks that we need in order to have a great business and a great quality of life? Chances are you already recognize and appreciate the value of your connections and the importance of your network in sourcing new clients.

But even if that's the case, you may need to increase the overall robustness of your network to help you get ahead.

To have the biggest potential impact on you professionally, your network must have *range*—that is, you need the type of connections that will help you reach out and access lots of people with many resources.

To build a network with range, you need:

- People who are different from you demographically - occupation, skill sets, backgrounds, hobbies, even geographic location.
- People who are different from each other.
- People who are not too interconnected, meaning that a low percentage of your network should be made up of people who know each other.

Having a network of people with these traits means you'll enjoy a wide and diverse group surrounding you. That, in turn, gives you the ability to leverage what's known in marketing circles as the "strength of weak ties"—help and insights from people you aren't especially close with or even from friends of friends whom you don't know at all. Think about how often we get assistance or advice from people who know somebody we know, but whom we have never met. These "weak ties" can be great resources.

In our experience, professional services providers tend to do a good job building range-based connections that are well equipped to help them solve business issues. That said, professional services providers are not particularly great at *leveraging* those networks. Think about how often you call on your networks when you need help. If you're like many business owners, you often try to go it alone.

To build or strengthen your range-based network, you need to take deliberate action:

- **Become involved in organizations that serve or have an affinity with the types of clients you want to serve.** These might include trade associations, business and industry groups, or groups that cater to affluent investors and their families.
- **Maintain regular contact with the members of your network,** especially in-person contact, where you're sitting across from the other person. Online check-ins are important, but they aren't sufficient to create deep social capital that you can tap for help when needed.
- **Offer to help your connections with their issues.** A proven psychological theory called the law of reciprocity says that when you bring value to someone's life, they feel compelled to give you help when you need it. More simply put, what you give is what you get. If you help those you can, it will come back to you in ways you might not even be able to imagine today.
- **Ask for help when you need it.** Most people, including many professionals, hesitate to ask people for help solving a problem. They worry they'll be seen as a nuisance. However, the opposite is actually true: In general, people want to help you when they can, in part because it makes them feel important and valued, and in part because they know they can call in a favor down the road.

Density: The next key to a great personal network

We tend to neglect personal networks because we assume, mistakenly, that networking is only for building business. But your personal network is also crucial because it consists of people who can get you through difficult times in your life. And without those people around when you need them, your business can suffer a huge hit if you're unable to function well as a human being. Science tells us that social support is vital (for example) after a disaster.

But personal networks differ from professional networks because they have very different traits and require different tools to build and nurture them. Instead of range, a great personal network has *density*—meaning most of the people in it know and feel close to each other. Dense networks are how your friends all contact each other quickly and “marshal the troops” to help out if you’re sick or hurt.

A dense network is made up of:

- People who are similar to you in most ways.
- People who are similar to each other.
- People with strong ties—family, close friends, etc.—who know each other and interact regularly.

In our experience, professional services providers often don’t do as well building and leveraging personal networks as they do with their professional ones. To build or strengthen your density-based network, you need to repeat some of the same steps from above, but you also must take actions unique to this type of network. For example:

- **Maintain good relationships with your dense connections.** Unlike a professional network, your personal network has a disproportionate share of “inherited” contacts that you didn’t choose, such as family members. Regardless, these key relationships need online and face-to-face contact, and maintenance.
- **Tap into the right groups and organizations that promote dense relationships.** To build this side of your network, you need to go to different types of organizations where you will find people with dense-network potential, including churches, neighborhood associations, school committees, sports leagues or other hobby groups. In addition, seek out groups consisting of people who have been through similar experiences, such as support groups.
- **Connect with the parents of your kids’ friends.** Connections who know each other through their children tend to be very supportive of each other. It’s also been observed that children do better in school and tend to stay out of trouble when their parents know and have contact with their friends’ parents.

Conclusion

None of us get far in business or life by trying to go it alone. Our connections are crucial to our success in the office and to our quality of life outside it. So start taking the steps outlined above—do one or two and see what happens. Choose one niche or business-related organization and either get involved with it or enhance your participation in it. Call your family and friends just to keep in touch and maintain those emotional ties. Also, be willing to both ask for help *from* your social networks and gladly offer *to* your network.



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VFO Inner Circle Special Report

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